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MEMORANDUM

TO: The Honorable Bill Huizenga, Chair
Members, House Commerce Committee

FROM: Sean Gehle, Vice President Advocacy, Ascension Health – Michigan
Felicia Wasson, Director of Public Policy, Ascension Health – Michigan

DATE: June 20, 2006

RE: Support for House Bill 6213

On behalf of Ascension Health – Michigan's five health systems, Borgess Health, Genesys Health System, St. John Health, St. Mary's of Michigan and St. Joseph Health System, I urge you to support HB 6213, legislation introduced by Representative Huizenga that would remedy the negative unintended consequences of recently passed legislation increasing Michigan's minimum wage (P.A. 81 of 2006).

Ascension Health – Michigan did not take a formal position on Senate Bill 318, a bill to increase the state's minimum wage when it passed the Legislature, and was signed into law in late March. Ascension Health hospitals follow the Ethical and Religious Directives for Catholic Health Care Services developed by the U.S. Conference of Catholic Bishops whose directives include a responsibility to treat our employees respectfully and justly which includes just compensation and benefits. As a result, Ascension Health instituted a Socially Just wage several years ago that is higher than the wage called for in this recently enacted statute. As a result, we do not expect the increased state minimum wage itself to have any impact on employees of our health systems.

Unfortunately, the passage of Senate Bill 318 did not include a number of provisions present in the federal minimum wage law and subsequently the new Michigan statute will have unintended consequences for many employers including hospitals. Of foremost concern to our hospitals is a provision present in the federal law, but not included in the state statute, that permits hospitals and health care institutions to base overtime pay on an 8 hour per day/80 hour per two week pay period method instead of a regular 40 hour work week. This provision is critically important to allowing hospitals maintain maximum flexibility in staffing our various patient care units and affords many of our employees the opportunity to balance their work and home life accordingly.

In addition, in order to comply with the new law by October 1, a significant amount of work needs to be done in altering our software applications to reflect that we will no longer be able to utilize the 8/80 provision. The process of converting our information technology systems, testing the modified system, training leaders, and communicating to and educating our employees when a substantial change such as this is made, necessitates that our hospitals begin making this change several months in advance of October 1st. Subsequently, quick legislative action is needed to modify this statute in order that precious health system resources are not expended in preparing for this implementation.

Thank you in advance for your consideration of this request. If you have any questions or concerns regarding our support of this legislation, please do not hesitate to contact the Ascension Health – Michigan Advocacy Office in Lansing at 517-482-1422.

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